

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)  
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-15 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 2**  
(July 8, 2021)

The United States Postal Service hereby provides its responses to Questions 1-15 of the Presiding Officer's Information Request No. 2, issued on July 1, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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July 8, 2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FOTI TO  
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1. Please refer to USPS-T-3 at 1. The Postal Service states that “package volumes increasingly originate closer to end customer locations, as retailers fulfill their products closer to the end consumer.”
  - a. Please explain whether the Postal Service expects the percentage of First-Class Package Service (FCPS) volumes originating closer to end customer locations to increase in response to the diminished FCPS service standards.

**RESPONSE:**

**1.a.** The abovementioned statement that “package volumes increasingly originate closer to end customer locations, as retailers fulfill their products closer to the end consumer” refers to an ongoing trend observed across the entire US parcel market. This trend is not specific to Postal Service package volumes or the Postal Service's First-Class Package Service volumes, nor is it exclusively tied to FCPS service standards. The percentage of FCPS volumes originating closer to end customers is dependent on many factors; if Postal Service package volumes grow with the overall US parcel market, then we would expect to see growth in all FCPS volumes.

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(REDIRECTED FROM WITNESS FOTI)**

1. Please refer to USPS-T-3 at 1. The Postal Service states that “package volumes increasingly originate closer to end customer locations, as retailers fulfill their products closer to the end consumer.”
  - b. Please explain whether the increasing proportions of FCPS volumes originating closer to end customer locations thus far, along with the predicted growth among local FCPS volumes<sup>1</sup> and the expected continued decline in First Class Mail (FCM) volumes,<sup>2</sup> could become obstacles to cost-effectiveness of long-distance transportation under the proposed FCPS service standards. USPS-T-3 at 8-9.
  - c. Please provide the quantitative analysis showing the change(s) in the percentage of inter-Sectional Center Facility (SCF) FCPS over the past 5 years. In addition to providing this analysis at the product-level, please disaggregate this analysis for Commercial FCPS and Retail FCPS.

**RESPONSE:**

**1.b.** If volumes reduce on long distance surface lanes, it may become more cost effective to change modes or routings.

**1.c.** A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

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<sup>1</sup> The Postal Service projects no net impact on FCPS volumes within the network, suggesting that the expected growth in local volumes might be associated with a decline in non-local, longer distance volumes. *Id.* at 8-9.

<sup>2</sup> The Postal Service expects continued decline in FCM volumes under the existing FCM service standards. See Docket No. N2021-1, Direct Testimony of Robert Cintron on Behalf of the United States Postal Service (USPS-T-1), April 21, 2021, at 19-20, 26. The Postal Service also projects a 1.63 percent decline in single-piece FCM volume, and a 0.65 percent decrease in First-Class Workshare Mail volume, in response to the implementation of the proposed FCM service standards. See Docket No. N2021-1, Direct Testimony of Thomas E. Thress on Behalf of the United States Postal Service (USPS-T-5), April 21, 2021, at 37.

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2. Please refer to Library Reference USPS-LR-N2021-2/4, June 17, 2021, Excel file "14\_SSD\_5D\_Vol\_Impacts\_CONUS\_Public.xlsx" (FCM and FCPS modeled network results file), tab "Finance\_Summary Surface." Please also refer to Docket No. N2021-1, Library Reference USPS-LR-N2021-1/3, April 21, 2021, Excel file "3\_SSD\_5D\_Vol\_Impacts\_CONUS.xlsx" (FCM modeled network results file), tab "Finance\_Summary Surface."
- a. Please refer to cells D5:D6 in each file. The FCM modeled network results file suggests a 7 percent mileage reduction in inter-Processing and Distribution Center (P&DC) contracted transportation, while the FCM and FCPS modeled network results file suggests a 13 percent mileage reduction in inter-P&DC transportation (cell D6 in each file). For inter-Cluster transportation, the FCM modeled network results file suggests a 4 percent mileage reduction, while the FCM and FCPS modeled network results file suggests an 11 percent mileage reduction (cell D5 in each file). Please explain how the Blue Yonder® Transportation Modeler (TMOD) software accomplished additional mileage reductions in inter-P&DC and inter-Cluster transportation in the FCM and FCPS modeled network, as compared to mileage reductions accomplished under these contract categories in the FCM modeled network.
  - b. Please refer to cells B4:B6 of the FCM and FCPS modeled network results file. Please refer also to Library Reference USPS-LR-N2021-2/1, June 17, 2021, Excel file "USPS-LR-N2021-2\_FCPS Transportation Savings-Public.xlsx" (Transportation savings file), tab "Highway," cells B30:B32. The values in the FCM and FCPS modeled network results file suggest that inter-P&DC transportation accounts for 1 percent of total baseline network's mileages, while 21 percent and 78 percent of mileages are for inter-Cluster and inter-Area contracted transportation, respectively. The values in the Transportation savings file suggest that 12 percent of the Fiscal Year (FY) 2020 surface transportation costs, used by the Postal Service to calculate surface transportation-related savings, were incurred on contracted P&DC transportation, while 16 and 72 percent of costs were incurred on inter-Cluster and inter-Area contracted transportation, respectively. Please explain how the actual FY 2020 mileages mirror the percentages of the FY 2020 surface transportation costs incurred for each listed contract category. Please also explain what caused this discrepancy between the actual FY 2020 surface network costs and the associated baseline network mileages.

**RESPONSE:**

- 2.a. The additional reductions in mileage are related to a few key factors: (1) FCPS having additional time to reach their destinations will allow for overall more optimal trips

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than the FCM model; (2) The increased delivery windows in the FCPS model will allow for more Service Transportation Center (STC) usage instead of direct trips. Outbound STC trips will generally fall into the Inter-P&DC and Inter-Cluster categories. The increase in STC usage versus direct trips drives a reduction in mileages in those categories. The increase in mileage in the inter-Area category is due to the introduction of air parcels as eligible to move via surface lanes due to the change in service standards expanding the surface transit window. As air parcels shift to surface, the overall distribution of trips changed and added more long-haul trips.

% Mileage Difference		
Finance Category	FCPS Model	FCM model
Inter-Area	-2%	7%
Inter-Cluster	11%	3%
Inter-P&DC	5%	3%
Grand Total	1%	6%

**2.b.** The discrepancy was, in part, caused by not including 'feeder to aggregate' mileage in the summary. The model assumes consolidation of volumes from smaller origins into aggregation sites. The mileage for the feeder to aggregate trips is estimated outside of the model and added-back to the overall mileage comparisons. Originally, this mileage was inadvertently omitted from the reduction analysis, as noted in the Notice of Revised Pages errata filed on July 2, 2021. The reduction in miles was accurately reported for each category, however, omitting the feeder to aggregate mileage reduced the overall mileage in each category, particularly in the inter-P&DC category, and therefore inflated the reduction percentages. The updated tables are below:

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First-Class Mail and Parcels Model						
	Baseline (Current SSD Model)		5 Day		Feeder to Aggregate Add- backs	Comparison Metrics (Delta to baseline)
Finance Category	Modeled Mileages	Total Mileage	Modeled Mileages	Total Mileage	Add-back Mileage	% Mileage Difference
Inter-Area	1,660,846	1,666,328	1,696,056	1,701,538	5,482	-2%
Inter-Cluster	447,330	478,193	396,391	427,254	30,863	11%
Inter-P&DC	31,126	79,109	27,229	75,213	47,983	5%
Grand Total	2,139,302	2,223,630	2,119,677	2,204,005	84,328	1%

First-Class Mail Only Model						
	Baseline (Current SSD Model)		5 Day		Feeder to Aggregate Add- backs	Comparison Metrics (Delta to baseline)
Finance Category	Modeled Mileages	Total Mileage	Modeled Mileages	Total Mileage	Add-back Mileage	% Mileage Difference
Inter-Area	1,660,846	1,666,328	1,551,163	1,556,645	5,482	7%
Inter-Cluster	447,330	478,193	431,135	461,998	30,863	3%
Inter-P&DC	31,126	79,109	28,878	76,861	47,983	3%
Grand Total	2,139,302	2,223,630	2,011,176	2,095,504	84,328	6%

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3. Please refer to USPS-T-1 at 18-19. During the model's second iteration, current air Origin and Destination Pairs (OD Pairs) were introduced to the modeled network. The model either utilized the existing network routings (from the first iteration of the modeled network) or developed new routings exclusively for air OD Pairs.<sup>3</sup> Please provide the percentages of FCM and FCPS volumes that are currently transported by air, respectively. For each of the FCM and FCPS volumes currently transported by air, please also specify percentages of their respective volumes which were placed on existing surface routings created during the first model iteration.

**RESPONSE:**

3. A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

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<sup>3</sup> An OD Pair refers to origin P&DC - destination Area Distribution Center - destination Sectional Center Facility pair. *Id.* at 18.

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4. Please provide information for the following tables.

FY 2020 actual inter-SCF network			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area			
Inter-Cluster			
Inter-P&DC			
TOTAL			

FY 2020 actual inter-SCF network adjusted to exclude transportation outside the scope of the model			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area			
Inter-Cluster			
Inter-P&DC			
TOTAL			

Modeled network which resulted from the first iteration			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area			
Inter-Cluster			
Inter-P&DC			
TOTAL			

Modeled network which resulted from the second iteration			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area			
Inter-Cluster			
Inter-P&DC			
TOTAL			

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Final network, with only cost-effective routings			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area			
Inter-Cluster			
Inter-P&DC			
TOTAL			

Please provide the requested information for total inter-SCF network if it is not available at the contract category level.

**RESPONSE:**

FY 2020 actual inter-SCF network			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area	4,254	1,512,503	N/A
Inter-Cluster	2,946	324,751	N/A
Inter-P&DC	2,611	234,452	N/A
TOTAL	9,811	2,071,706	45%

FY 2020 actual inter-SCF network adjusted to exclude transportation outside the scope of the model			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area	4,092	1,411,226	N/A
Inter-Cluster	2,935	322,426	N/A
Inter-P&DC	2,589	232,814	N/A
TOTAL	9,616	1,966,466	45%

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Modeled network which resulted from the first iteration			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area	2,071	1,412,820	74.4%
Inter-Cluster	1,477	388,456	76.8%
Inter-P&DC	922	72,850	77.9%
TOTAL	4,469	1,874,126	75.7%

Modeled network which resulted from the second iteration			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area	2,649	1,926,076	63.4%
Inter-Cluster	1,529	516,340	76.3%
Inter-P&DC	933	83,849	77.1%
TOTAL	5,111	2,525,913	71.9%

Final network, with only cost-effective routings			
	Number of daily trips	Number of daily mileages	Capacity utilization
Inter-Area	2,165	1,701,538	74.5%
Inter-Cluster	1,502	427,254	77.0%
Inter-P&DC	930	75,213	78.1%
TOTAL	4,597	2,204,005	75.8%

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5. Please refer to USPS-T-1 at 19-21. The Postal Service states that 6 days of volumes were modeled to allow efficient connection throughout the end-to-end network, and that this allowed pairing of shipments dispatched on day 1, with shipments dispatching on day 2 along the line of travel to final destination. To determine cost-effectiveness of surface routes created exclusively for air OD Pairs, the Postal Service states that routes which launched on day 1 were evaluated.
- a. Please specify whether a surface routing created exclusively for air OD Pairs, and routed as "all drops and one pick" or as "all picks and one drop," was modeled to transport only volumes currently transported by air, or whether it was modeled to transport both volumes currently in the air network and volumes currently in the surface network for a portion of trip. If the former (modeled to transport only volumes currently transported by air), please refer to questions d. and e., below. If the latter (modeled to transport both volumes currently in the air network and volumes currently in the surface network for a portion of trip), please refer to questions b. through e., below.
  - b. Please provide an example of an "all drops and one pick" trip for which volume declines over the course of the route. Please also identify the current transportation modes for the transported volumes dropped at all destinations along the line of travel.
  - c. Please provide another example of an "all picks and one drop" trip, for which volume increases over the course of the route. Specifically, please identify the current transportation modes for the transported volumes picked up at each origin along the line of travel.
  - d. Please explain how cost-effectiveness was determined for "all drops and one pick" routings launched on day 1. Specifically, please identify which distances were used to estimate the cost of surface transportation and what weights were used to determine the cost of air transportation for multi-leg trips.
  - e. Please explain how the cost-effectiveness was determined for "all picks and one drop" routings launched on day 1. Specifically, please identify which distances were used to estimate the cost of surface transportation and what weights were used to determine the cost of air transportation for multi-leg trips.

**RESPONSE:**

**5.a.** The routings modeled to move surface volumes were created in the first iteration.

Air volume could be added to those trips in the second iteration if space and transit

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window permitted. Routings created solely for air volumes would not contain any existing surface volumes.

**5.b.** N/A

**5.c.** N/A

**5.d.** Cost effective analysis compared the cost of flying volume versus the estimated cost of the surface trip. The estimated air costs reference air carrier costs and current volume distributions by carrier. The surface component was calculated as the total distance for that trip, regardless of the number of legs in a multi-leg trip.

**5.e.** Cost effective analysis compared the cost of flying volume versus the estimated cost of the surface trip. The estimated air costs reference air carrier costs and current volume distributions by carrier. The surface component was calculated as the total distance for that trip, regardless of the number of legs in a multi-leg trip.

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- 6.** Please refer to USPS-T-1 at 22-25. Please provide additional information related to Surface Transfer Center (STC) operations.
- a. Please provide a list of STCs used in the model. For each STC, please provide the following information:
    - i. Identify each STC as either a contracted or a postal-operated site.
    - ii. Provide FY 2020 annual volumes processed in each STC.
    - iii. Provide modeled volumes projected to be routed through each STC (daily and annual).
  - b. Please confirm that the STCs listed in response to question 6.a. include the most recently acquired facilities. If not confirmed, please provide the list of the most recently acquired STCs which were not included in the model.
  - c. The Postal Service states that “[c]urrent contracted STCs are expected to process and transfer volumes within the two-hour window.” USPS-T-1 at 29.
    - i. Please explain whether the time to process and transfer volumes at STCs was increased in the modeled network under the proposed changes to both the FCM and the FCPS service standards. Please compare this to the time used in the modeled network under the proposed FCM service standards in response to increase in volumes routed through STCs.
    - ii. Please provide the expected time to process and transfer volumes at postal-operated STCs.
    - iii. Please explain whether the Postal Service monitors actual processing/volume transfer times for STCs. If actual processing/volume transfer times for STCs are monitored, please provide average processing/volume transfer times for each STC listed in response to question 6.a., above. If processing/volume transfer times at STCs are not monitored, please explain why.
    - iv. Please explain whether the Postal Service assesses penalties to contracted STCs which do not process volumes within the expected 2-hour window. If so, please explain how the penalties are assessed. If the Postal Service does not assess penalties to contracted STCs for poor performance, please explain the reason(s) that the Postal Service does not assess penalties to contracted STCs for not processing volumes within the expected 2-hour window.

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**RESPONSE:**

**6.a.** A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

**6.b.** Confirmed

**6.c.**

i. The processing time was not changed from two hours during either model iteration. The expected STC throughput increase is not expected to significantly impact any STCs ability to meet this constraint.

ii. The expected minimum time to process and transfer volumes at an STC is 2-hours.

iii. The Postal Service monitors the time from trip arrival to unload end.

There is no current system in place to remotely monitor the total cycle time of unload, process, and load. The 2-hour window is the minimum time required and most transfers will have more time. To be eligible for transfer via an STC, the transfer window must be at least 2-hours from arrival to departure.

iv. A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

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7. Please refer to USPS-T-1 at 32. Please provide daily trips and mileages, as well as annual trips and mileages traveled by transportation outside the scope of this model in FY 2020. Please provide this information for all applicable contract categories (*i.e.*, inter-P&DC, inter-Cluster, and inter-Area).

**RESPONSE:**

7. Additional trips outside the scope of the model but included in the FY 2020 data are not easily separated, but could include mailer pick-ups, THS trips, empty equipment trips, extra trips, peak season, trips, and inter-P&DC transfers of volumes. Below is a subset of trips and mileage that was able to be identified in their respective contract type categories:

<b>Outside Scope (Christmas, Exceptional, Empty Equipment)</b>				
Contract Type	Annual Miles	Annual Trips	Daily Miles	Daily Trips
Inter-Area	31,092,205	49,959	101,278	163
Inter-Cluster	713,702	3,439	2,325	11
Inter-P&DC	502,767	6,843	1,638	22
<i>Source: TCSS FY20 Q4</i>				

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**8.** Please refer to USPS-T-1 at iii n.2. The Postal Service states that:

Changes to First-Class Package service standards would also incidentally affect international mail service standards for small packets and bulky letters, in that First-Class Package service standards generally apply to inbound international small packets and bulky letters from domestic origin airports to delivery points, and for outbound international mail from origin to International Service Center. We are not proposing any service standard changes regarding packages or changes to caller service through this proceeding, ... .

- a. Please describe in detail what effects the proposed FCPS service standards will have on international mail service standards for small packets and bulky letters. In your response, please indicate which sizes and shapes of "international small packets and bulky letters" will be governed by the proposed FCPS service standards and identify what service standard(s) will be applied to the remainder of the "international small packets and bulky letters."
- b. Please file any material (including any calculations, analysis, assumptions, studies, or workpapers) that detail the impact that the proposed FCPS service standards are expected to have on "international small packets and bulky letters," including what percentage of small packets and bulky letters are expected to be affected.
- c. Please identify any other mail products whose service standards may be affected by the proposed FCPS service standards. In your response, please specifically explain whether the following products and categories will be affected, and if so, how would the product or category be affected:
  - i. Outbound Single-Piece First-Class Package International Service.
  - ii. Competitive domestic negotiated service agreements (NSAs) that include FCPS products in the agreements.
  - iii. Competitive international negotiated service agreements that include Outbound Single-Piece First-Class Package International Service in the agreements.

**RESPONSE:**

**8.a.** International Letters, Flats and Parcels will take on the corresponding First-Class mail service standards while domestic (2-5 day). The service standards are defined by using the distance from the Origin P&DC to the respective ISC for outbound

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international volumes and from the ISC to the Destination P&DC for inbound international volumes.

**8.b.** Please see "Q8b - Int'l IMPACT\_CONUS\_Summary 6\_9\_2021 - NP.xlsx" provided under seal in USPS-LR-N2021-2-NP6.

**8.c.**

- i. Outbound Single-Piece First-Class Package International Service would be impacted by the proposed service standard change. The change in service standard will be based on the proposed service standard from the origin P&DC to the outbound ISC.
- ii. NSA FCPS domestic packages will have the same service standards as published rated packages.
- iii. Outbound FCPIIS and inbound letter post packets will be affected in the same manner as domestic. International NSA customers will get whatever service is provided for the published rate product.

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- 9.** Please refer to USPS-T-1 at 35, Figure 7. Please provide separate graphs disaggregated for:
- a. FCPS volume by service standard for commercial NSAs.
  - b. FCPS volume by service standard for non-NSA and retail FCPS.

**RESPONSE:**

- 9.a & b.** A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

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- 10.** Please compare and contrast the process used to develop the initial service standards for FCPS with the process used to determine the proposed service standards.

**RESPONSE:**

**10.** The current service standards were derived around the expanded operating window at the Processing and Distribution Centers for the Operating Window Change. Service standards are based on the ability to dispatch volumes from an origin and arrive at destination by the Critical Entry Time (CET). The CET for FCM was selected nationally to support the standardized expanded operating window, which called for processing incoming primary letter and flat volumes between 0800 and 1200. The planned Clearance Time for Outgoing Secondary operations at the origin is 0030. The assumption was that 90 minutes for manual processing and dispatch would allow dispatching as early as 0200. The planned departure from origin at 0200 and arrival prior to 0800 determined the 6-hour reach for 2-day volume. All Origin and Destination pairs beyond 6-hours were assigned a 3-day service standard, since they would not be able to depart from origin and arrive at destination by the CET. All First-Class products follow the same business rules with the slight exceptions between single-piece and commercial.

The proposed service standards were based on improving capability to transport more volumes on surface coast-to-coast. Similar to the logic used to determine the current service standards, drive times from origin to destination were considered along with CTs and CETs. Additional time for routing and transferring volumes via hubs or Surface Transfer Centers (STCs) was included, with the understanding volumes would

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need to be massed and/or picked/dropped at multiple locations for efficiency. The 8-hour reach for FCPS 2-day pairs was determined to align with the organization's goal to better compete in the market within an 8-hour reach. A 32-hour reach for 3-day FCPS volume aligns with the First-Class Mail, accounting for a CET for package 12-hours later than that for letters and flats. It allows up to eight hours for routing and transfer of volumes through an STC. The 50-hour reach for 4-day adds an additional six hours for additional transfers and to help mitigate service impacts from transit delays.

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11. Please confirm that the process used to develop the proposed service standard for FCPS is identical to the process used to determine the proposed service standard for Market Dominant First-Class Mail. If not confirmed, please explain the differences in processes.

**RESPONSE:**

11. Confirmed.

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- 12.** Please refer to USPS-T-1 at 4. The Postal Service states that “[a]n estimated 14 to 48 percent reduction in the number of air charters may be possible depending on the final volume of the lanes identified to shift from air to surface transportation.”
- a. Please provide the source data and methodology underlying the calculation of the estimated reduction in the number of air charters.
  - b. Please confirm that the term “lanes” in the above-referenced passage is used synonymously with origin-destination pairs.
  - c. Please confirm that the Postal Service uses air charters in transporting a product when its network of regularly-scheduled commercial air carriers cannot support the volumes to be transported.
  - d. Were all air charters that were used in FY 2020 exclusively used for FCPS products?
    - i. If no:
      - 1. Please identify other mail products that used the same air charters flights as FCPS in FY 2020.
      - 2. Please quantify the proportion of air charter flights used for FCPS and the proportion of total air charter flight costs incurred by FCPS in FY 2020.
      - 3. Given that FCPS used only a proportion of air charter flights, please explain the basis of Postal Service’s assertion that the proposal will lead to a reduction in the number of air charters rather than an underutilization of air charter capacity on air charter flights that carry other mail products. See, e.g., USPS-T-1 at 37.
    - ii. If yes, please identify the number of such exclusive air charters flights and corresponding volume of FCPS moved by FCPS-exclusive air charters flights in FY 2020.

**RESPONSE:**

**12.a.** The range of charter reductions was estimated in two ways referencing April 2021 as a sample month and determining how the potential reduction in air volume would impact the demand for charters assuming (1) the proposed air to surface lanes were implemented and (2) assuming all FCPS were shifted to surface in origins with air network capacity issues. April air assignment data was pulled from EDW using

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Teradata, and the charter information was pulled from the FX ACN Charter tracking workbook for April. The assigned volume by origin and destination pair was matched to the proposed air to surface pairs to determine the reduction in air volume by origin airport. The reduction in volume was compared to the volume driving the need for charters in each origin airport. In scenario (1), the exceeded capacity threshold to justify a charter was set to 4,000 cubic feet. The count of the actual charters used in April was compared to the count of charters that would have been called if the service standard change volume reductions were in place. 187 charters were called in April and the analysis shows a reduction in demand by 27 charters, or 14 percent. Scenario (2) assumed the same minimum threshold of 4,000 cubic feet of exceeded air capacity to trigger a charter, but removed the proposed air to surface lanes, plus all FCPS from the airports with exceeded capacity. This reduced the demand for charters by 89 for a reduction of 48%. Please see files: "NP - April 2021 Charters - Air to Surface modeled lanes 5-13-21.xlsx" and "NP - April 2021 Charters - Air to Surface NO SPRS 5-13-21.xlsx" provided under seal in USPS-LR-N2021-2-NP6.

**12.b.** Confirmed.

**12.c.** Partially confirmed. Charters are planned when volume is expected to exceed the Postal Service's regularly planned air network (commercial and cargo carriers).

d. No, charters were used to move all mail types that are planned to be transported by the air network.

**i.1.** Priority, First Class Letters and Flats all used the same air charters as FCPS.

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**i.2.** The Postal Service does not have data to quantify the proportion of products carried by air charters.

**i.3.** First Class Mail and Packages can be assigned to any network carrier participating in a lane. A reduction in demand for any volume in the air network will reduce the demand for air charters.

**ii.** N/A

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**13.** Please refer to USPS-T-1 at 11. The Postal Service states that:

Under the present business rules, there are cases where the SCF is closer to origin facilities and has a 2-day service standard, while the parent ADC is beyond the 6-hour drive time and therefore has a 3-day service standard. In these situations, to meet the service commitments to the subordinate SCR, the origin facility must make a separation for the SCF's volume and in some cases plan specific transportation to the SCF to meet the service commitments.

- a. Please identify which facility in the flow chart on page 11 would constitute a "Parent ADC."
- b. Please explain what is meant by "meet[ing] the service commitments to the subordinate SCF."
- c. Please elaborate on the existing situation in which "the SCF is closer to origin facilities and has a 2-day service standard, while the parent ADC is beyond the 6-hour drive time and therefore has a 3-day service standard."
  - i. Please provide a flow chart (or other diagram) that shows the process in which an "origin facility [makes] a separation for the SCF's volume and in some cases plan[s] specific transportation to the SCF to meet the service commitments." See *id.*
  - ii. In these situations, where the SCF is closer to the origin facility than the parent ADC, please explain why FCPS would not be transferred directly between the origin facility and the SCF (bypassing the parent ADC).
  - iii. Please quantify the annual percentage of FCPS volume that which "the SCF is closer to origin facilities and has a 2-day service standard, while the parent ADC is beyond the 6-hour drive time and therefore has a 3-day service standard" since FY 2017. *Id.*

**RESPONSE:**

**13.a.** "SCF B" represents a "parent ADC" servicing "SCF C".

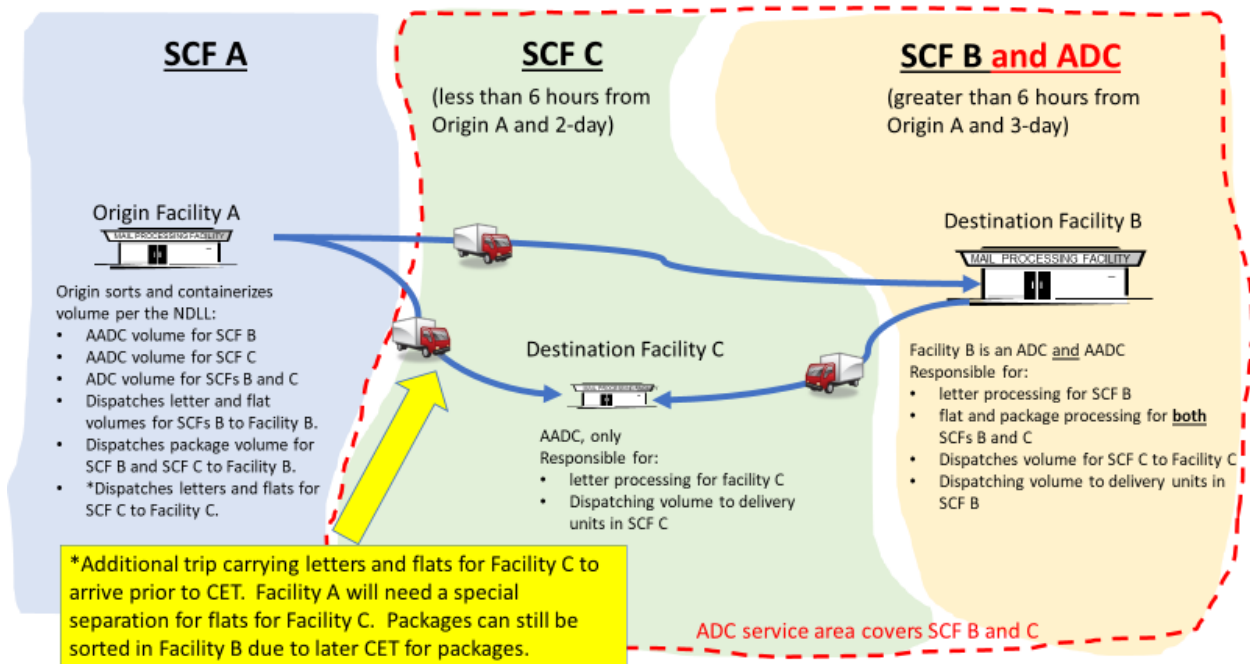
**13.b.** "Meet[ing] the service commitments to the subordinate SCF" means providing volumes to the destinating SCF prior to the Critical Entry Time (CET), allowing the downstream SCF to process and dispatch volumes timely for Delivery operations.

**13.c.** In a case where a small SCF processes only letters, but is responsible for dispatching all products to Delivery operations within the SCF's service area, the

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“parent ADC” responsible for processing packages and flats will need to process the flats and packages and transfer the volume to the small SCF prior to the SCF’s Critical Entry Time. If the small SCF is 6-hours of an origin, but the “parent ADC” is 8-hours from that same origin, the small SCF will be 2-day, and the “parent ADC” will be 3-day. This requires special handling and routing from the origin and / or “parent ADC” to achieve the service standard between the Origin and the small SCF.

i.



ii. Each Origin across the country is required to make separations per the National Distribution Labeling List (NDLL) by product to destinations based on the destination’s sorting responsibility. These separations are determined limited by the origin sortation equipment, the sortation capability at each destination, and also considers volume. The typical package sorting equipment has the capability of making between 100 and 200 separations. In the example above, Origin

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Facility A could add a special separation to separate volume for Facility C, but any special separations for low volume destinations for service requirements typically add additional handling by sacrificing another high-volume destination and requires manual handling. This also adds transportation between low-volume pairs. Instead of limiting transportation servicing Facility C between Facility B and C, this scenario now necessitates adding transportation between Facility A and C and reduces volume on transportation between Facility B and C.

iii. A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

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- 14.** Please refer to USPS-T-1 at 35. The Postal Service states that “[a]s shown in USPS-LR-N2021-2-NP2, the percentage of pharmaceutical FCPS volume projected to be subject to a two-day service standard increases; and the percentage of pharmaceutical FCPS volume projected to be subject to a three-day service standard decreases.”
- a. Please identify the file and worksheet names in Library Reference USPS-LR-N2021-2/NP2 that contain the service standard projections for pharmaceutical FCPS volume.
  - b. Please describe the assumptions and methodology used in the model that supports the Postal Service's service standard projections for pharmaceutical FCPS volume.
  - c. Please explain the process by which the Postal Service identifies pharmaceutical FCPS volume from origin to destination.
  - d. Please confirm that the Postal Service has the ability to track pharmaceutical FCPS packages throughout the network.
    - i. If confirmed, please identify the system used to track pharmaceutical FCPS packages.
    - ii. If not confirmed, please explain the basis for the Postal Service's projections for pharmaceutical FCPS volume.

**RESPONSE:**

**14.a.** In USPS-LR-N2021-2-NP2, file “10\_3digit\_FCPS\_Private.xlsx” contains pharmaceutical FCPS volume in column-H of Tab “All Pairs”. A pdf associated with this response is included in USPS-LR-N2021-2-NP6.

**14.b.** Special Service Code (SSC) 401 is an optional code employed to identify pharmaceutical volume. FCPS volume with this SSC in the data set used to identify pharmaceutical volume between pairs and determine the percentage impacted by the proposed service standard change.

**14.c.** See response to part-b, above.

**14.d.** Partially confirmed. The Postal Service can identify pharmaceutical volume identified by SSC 401. Pharmaceutical volume without SSC 401 cannot be tracked separately from FCPS.

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**i. and ii.**      See answers above.

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**15.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-LR-N2021-2-NP6.